

#### MEMORANDUM

**Date:** April 14, 2010

**To:** California State Lottery Commission

From: Joan M. Borucki

Director

Prepared By: Ellen Ishimoto, Deputy Director

Information Technology Services Division

**Subject:** Item 9(c) - Business Intelligence System Development Services

# **ISSUE**

Should the California State Lottery Commission (Commission) approve a consulting contract with Estrada Consulting for assistance in designing, developing, and implementing a Business Intelligence system that will provide the California State Lottery (Lottery) a platform for delivering timely and accurate information to decision makers?

### **RECOMMENDATION**

The 2007-2010 Lottery Business Plan established the foundation for organizational change. The Lottery's next business plan, RENEW, is designed to capitalize on the momentum generated by the 2007-2010 business plan in order to enable the Lottery to foster a performance management culture.

Ensuring the successful implementation of RENEW requires simple, uncomplicated access to the Lottery's business information. Lottery information, however, is spread across different data sources and reporting environments designed for narrow requirements. Current reporting tools were developed for individual business applications, are technical in nature, and do not effectively support executive and managerial reporting and decision support needs. These gaps in the Lottery's information systems present big obstacles when business decisions need to be made quickly and information is not immediately available.

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To address these needs and challenges requires the implementation of a Business Intelligence (BI) system. BI systems are highly complex, requiring specialized skills and knowledge to successfully implement. Therefore, Lottery staff recommends that the Commission approve a consulting contract with Estrada Consulting that will provide the assistance in designing, developing and implementing the BI system. Lottery staff will work along with the consultants in order to gain the skills and knowledge to provide on-going support for the system.

The contract will be for two years with a total contract expenditure authority not to exceed \$2 million with an option to extend up to two additional years. The contract is not a guaranteed amount, but a maximum amount to be used for actual expenses on an as-needed basis.

# **BACKGROUND**

The planning necessary for a BI system began in the summer of 2008 where the Lottery, with the assistance of experienced consultants, discovered the Lottery's business information needs, assessed source system and data gaps, identified essential BI capabilities, and developed a prioritized roadmap for implementing a BI system.

The envisioned BI system will be delivered through a web portal and will provide Key Performance Indicators (KPIs), alerts, standard and ad-hoc reporting, advanced analytics such as forecasting, and executive dashboard capabilities. In addition, the project will define and implement data governance processes such as data standardization and ownership, which are essential to ensuring the long-term success of the BI system. Successful implementation of a BI system will deliver benefits such as a single point of access for information, more timely information, improved data consistency, key success measurements, and insights into operational efficiency.

With the planning complete and the roadmap defined, the next step is to design, develop, and implement the BI system. The delivery of the BI system will be accomplished using a phased, incremental approach. Each phase will focus on subject areas that are scoped and prioritized by Lottery executives.

Due to the specialized skills needed to design, develop, and implement a BI system, the Lottery needs the assistance and guidance from an experienced team of consultants. The consultants will recommend a proven approach used on previous BI projects and will provide knowledge transfer to Lottery staff so that on-going support for the system can be performed by the Lottery.

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## DISCUSSION

On October 22, 2009, the Request for Proposal (RFP) was posted on the Lottery public website and a letter of notification was mailed to 150 potential vendors from the Lottery's Contract and Procurement Services Section database and a list of bidders provided by the Information Technology Services Division. In addition, the final RFP was advertised in the Small Business Exchange, Challenge News, Disabled Veteran Voice, and the Lottery website.

A total of six (6) agencies submitted proposals were received by the December 2, 2009 deadline.

Evaluation of the proposals involved a three-part multiple panel process: 1) Mandatory Submittals; 2) Rated Evaluation; and 3) Finalist Oral Presentation and Demonstration. All portions not identified as pass/fail were evaluated using rating of Superior, Significantly Exceeds, Exceeds, Meets, Meets with Exception, and Does Not Meet.

All six companies passed the Mandatory Submittals and advanced to the Rated Evaluation.

The Rated Evaluation included Company Background and Experience; Staff Experience; Proposed Approach; and Cost Proposal. As a result of the Rated Evaluation, two (2) bidders advanced to the Finalist Oral Presentation and Demonstration with ratings of "Meets" and "Exceeds".

During February 2-4, 2010, presentations were conducted by the two (2) bidders.

As a result of the entire evaluation process, staff believes the proposal submitted by Estrada Consulting provides the overall "best value" for the Lottery.

Estrada Consulting was the only proposal to achieve a rating of "Exceeds" for the Rated Evaluation. They proposed a solid implementation approach and presented a project team that has extensive, proven experience in the delivery of BI systems of similar size, scope, and complexity. Estrada Consulting was the only finalist to receive a rating of "Meets" for the Finalist Oral Presentation and Demonstration. Their demonstration was very thorough and comprehensive. They clearly demonstrated that the proposed team has the technical knowledge and experience to successfully implement a BI system. Lastly, Estrada Consulting submitted the lowest overall price when compared to the other finalist.